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or in any country which is a signatory to the Berne Convention or Universal Copyright Convention. The Buyer shall have no responsibility or liability as a result of any incomplete or incorrect data in the files of the Seller, and the Buyer shall have no responsibility or liability to complete or correct incomplete or incorrect data in the files of the Seller but will use its best efforts to do so in the event of discovery thereof by the Buyer. If by reason of failure by the Buyer to comply with its obligations under the preceding provisions of this Section 10.2, any Composition shall fall into the public domain in the United States or any such signatory country or any Composition or Rights shall otherwise be lost in its or their entirety in any such territory, the Buyer shall pay to the Seller, as liquidated damages, an amount equal to the result obtained by subtracting from the Value Allocation (as hereinafter defined) the amount of the Allocated Credits (as hereinafter defined). If any Composition is not fully lost in any territory but is partially lost or otherwise impaired as a result of any such failure, the Buyer shall pay to the Seller such amount as shall equitably reflect the loss or damage to it and the unpaid balance of the Base Amount shall be appropriately adjusted. As used in this Agreement the term "Value Allocation" means the result obtained by multiplying (i) six, times (ii) the result obtained by dividing (a) the

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aggregate publisher's share received with respect to the Composition involved during the five-year period ended June 30, 1974, from uses in the territory or territories in which such Composition has fallen into the public domain or is otherwise lost (the "Affected Territory"), by (b) five (or such lesser number, rounded to the nearest tenth, as shall equal the number of years the Seller or any of the Merging Corporations shall have owned such Composition prior to June 30, 1974). As used in this Agreement the term "Allocated Credits" means 67.5% of all amounts attributable to such Composition from uses in the Affected Territory which have been included in Publisher's Receipts pursuant to the provisions of this Agreement through the date such Composition fell into the public domain or was otherwise lost. If any amount is paid by the Buyer to the Seller pursuant to this Section 10.2 as liquidated damages, the Base Amount shall upon such payment be reduced by the amount, if any, by which 75% of the Value Allocation exceeds the amount of the Allocated Credits.

10.3 AGAC Contracts. Without limiting the generality of the provisions of Section 10.2 hereof, the Buyer specifically acknowledges that default by it with respect to its duties under any agreement on an American Guild of Authors & Composers standard form ("AGAC Agreement") may possibly result in the loss of all of the music publisher's rights in the musical compositions involved. If by any reason of the Buyer's failure to comply with any provisions of any AGAC Agreement any Right with respect to any Composition shall be lost, the Buyer shall pay to the Seller liquidated damages, and the Base Amount shall be adjusted in the same manner and amount as is provided in Section 10.2 hereof with respect to Rights lost as provided in said Section 10.2. In administering any AGAC Agreement the Buyer shall follow the accounting, payment and other procedures heretofore followed by the Seller or the Merging Corporations as set forth in Exhibit I annexed hereto and, anything in this Section 10.3 to the contrary notwithstanding, the Buyer shall have no liability to the Seller if any Composition should be lost as a result of Buyer's following such procedures.

10.4 Promotion and Exploitation of Rights. In performing the Management Services hereunder the Buyer shall exploit the Rights consistent with its normal business practices applicable to exploitation of compositions and rights included in its existing catalogue and shall not discriminate on an overall basis, and not on a song-by-song basis, between the Rights and other portions of the Buyer's catalogue (including the catalogue of its divisions and subsidiaries) to the detriment of the Rights. The Buyer shall not grant interests in the Rights or license uses thereof if in connection therewith the Buyer or any of its affiliates derives any economic benefit therefrom which is not equitably reflected in Publisher's Receipts. Any transaction between the Buyer and any of its affiliates with respect to the Rights shall be on terms comparable to terms which could be obtained from third parties in arm's length negotiations. All transactions between the Buyer and its affiliates concerning the Rights do not require the consent of the Seller. However, except with respect to the grant of mechanical licenses (other than for special projects) the Buyer shall within 30 days thereafter notify the Seller, in writing, of any contract entered into or any other transactions with any affiliate setting forth the principal terms thereof and shall thereafter furnish the Seller such information with respect thereto as the Seller may reasonably request.

10.5 BMI and ASCAP. The Buyer will not, without the Seller's written consent, take any action to remove any Compositions now in the BMI or ASCAP catalogue from such catalogue.

10.6 Acquisition of Further Rights.

10.6.1 Acquisitions Not Involving Payment. The Buyer shall attempt to acquire any and all available renewals or extensions of the Rights, any and all available reversionary interests in the Rights or any renewals or extensions thereof and any and all interests and rights which may be acquired by it upon exercise of any option or right possessed by it relating to the continuation of its right, title, interest or benefit in the Rights or to the acquisition of any renewals or extensions thereof or reversionary interests therein or additional rights or interests therein (any and all rights and interests which may be acquired upon or through any of the foregoing acquisitions being herein sometimes referred to as "Further Rights"), if the acquisition of any such Further Rights shall not involve the payment of any advances, bonuses or similar monetary consideration, and all such Further Rights so acquired pursuant to this Section 10.6.1 shall thereupon be deemed to be included in the Rights hereunder.

10.6.2 Acquisitions Involving Payment. If the acquisition by the Buyer of any Further Rights shall involve the payment of any advances, bonuses or similar monetary consideration, the acquisition thereof shall be made in accordance with the provisions of this Section 10.6.2 as follows:

10.6.2.1 Buyer's Notice. The Buyer shall give the Seller advance written notice that any such Further Rights are or will be available for acquisition (the "Buyer's Notice"), specifying the Rights involved, the nature of the Further Rights to be acquired, the terms of such acquisition and the amount of money required to be paid in connection therewith and stating whether the Buyer proposes to acquire such Further Rights.

10.6.2.2 Seller's Option. The Seller shall thereupon have the option, but not the obligation, to participate in the benefits of the Further Rights covered by such Buyer's Notice and to share in the expenses of acquiring such Further Rights, such option to be exercisable by giving the Buyer written notice (the "Seller's Notice") within 10 business days following the date of the Buyer's Notice (which period may be reduced by the Buyer in the Buyer's Notice to five business days when the Buyer deems necessary) stating whether the Seller elects so to participate in the Further Rights covered by the Buyer's Notice. Failure by the Seller to give such Seller's Notice within the foregoing time period shall constitute an election by the Seller not to participate in the Further Rights covered by the Buyer's Notice.

10.6.2.3 Participation of the Parties in Further Rights. The rights and interests of the Buyer and the Seller in any Further Rights acquired pursuant to this Section 10.6.2, and the liabilitites and obligations of the parties with respect to the acquisition thereof, shall be as follows: (i) if the Buyer states in any Buyer's Notice that it proposes to acquire the Further Rights covered thereby and the Seller elects in the related Seller's Notice to participate in such Further Rights, the Buyer shall acquire such Further Rights, the consideration to be paid in connection therewith shall be paid 75% by the Buyer and 25% by the Seller and, subject to the provisions of Section 10.6.2. hereof, the Further Rights so acquired shall upon acquisition thereof be deemed to be included in the Rights hereunder; (ii) if the Buyer states in any Buyer's Notice that it does not propose to acquire the Further Rights covered thereby and the Seller elects in the related Seller's Notice to participate in such Further Rights, the Buyer shall acquire such Further Rights, the consideration to be paid in connection therewith shall be paid in full by the Seller and the Further Rights so acquired shall not upon acquisition thereof be deemed to be included in the Rights hereunder but shall be and remain the separate property of the Seller and shall, unless the Seller shall elect to make other arrangements for the promotion and exploitation thereof, be held and promoted and exploited by the Buyer for the separate account of the Seller in consideration of a management fee of 10% of the publisher's share of the gross receipts with respect to such Further Rights; and (iii) if the Buyer states in any Buyer's Notice that it proposes to acquire the Further Rights covered thereby and the Seller elects in the related Seller's Notice not to participate in such Further Rights or fails duly to give such Seller's Notice, the Buyer may acquire such Further Rights on the terms and for the consideration specified in the Buyer's Notice, the consideration to be paid in connection therewith shall be paid in full by the Buyer and the Further Rights so acquired shall not upon acquisition thereof be deemed to be included in the Rights hereunder but shall be and remain the separate property of the Buyer.

10.6.2.4 Recoupment of Parties' Expenses. For so long as the Buyer is required to make any payment to the Seller pursuant to Section 4.1 hereof, the Buyer and the Seller shall be entitled to receive 75% and 25%, respectively, of the amount of all Publisher's Receipts applicable to any Further Rights acquired by the Buyer as to which clause (i) of Section 10.6.2.3 hereof is applicable until there has been paid to the Buyer and the Seller from such Publisher's Receipts the full amount paid by them respectively pursuant to such clause in connection with the acquisition of such Further Rights, and thereafter the provisions of clause (i) of Section 10.6.2.3 shall apply.

10.7 Mechanical Rights Agency. The Buyer shall continue to engage the Fox Agency as the agency to collect royalties with respect to mechanical rights of the Compositions; provided that it may substitute another agency to perform such function with respect to the Compositions (i) with the written consent of the Seller or (ii) without the written consent of the Seller if it engages such other agency to perform the same service with respect to substantially all of the Buyer's catalogue and such agency is then performing a similar service for at least one other major United States music publisher

10.8 Foreign Sub-Publishers. The Buyer shall not without the written consent of the Seller agree to termination prior to the expiration of the stated term thereof, or to material amendment or modification, of any foreign sub-publishing arrangement in effect with respect to the Compositions at the Closing Date.

10.9 Claims for Infringement. If either the Buyer or the Seller shall propose that any action or proceeding at law or in equity (an "Action") be commenced to enjoin the infringement by a third party of any of the Rights or to recover damages and other sums allowed by law therefor, the provisions of this Section 10.9 shall be applicable thereto, as follows:

10.9.1 First Party's Notice. The party proposing that any Action be commenced (the "First Party") shall give the other party (the "Second Party") advance written notice thereof (the "First Party's Notice"), specifying the Right involved, the nature of the infringement, the nature of the Action proposed to be commenced and the First Party's best estimate of the damages or other sums allowed by law which may be recovered if such Action is successfully prosecuted.

10.9.2 Second Party's Option. The Second Party shall thereupon have the option, but not the obligation, to participate in the benefits and share in the expenses of the Action proposed in the First Party's Notice, such option to be exercisable by giving the First Party written notice (the "Second Party's Notice") within 10 days (which period may be reduced by the First Party in the First Party's Notice to five business days when the First Party deems necessary) following the date of the giving of the First Party's Notice stating whether the Second Party elects so to participate in the Action proposed in the First Party's Notice. Failure by the Second Party duly to give such Second Party's Notice shall constitute an election by the Second Party not to participate in the Action proposed in the First Party's Notice.

10.9.3 Participation of the Parties in Actions. The rights and interests of the First Party and the Second Party in any Action covered by a First Party's Notice given pursuant to this Section 10.9, and the liabilities and obligations of the parties with respect to the expenses of such Action, shall be as follows: (i) if the Second Party elects in the Second Party's Notice to participate in any Action covered by the related First Party's Notice, the Buyer shall commence such Action, the expenses thereof (the "Expenses") shall be paid 75% by the Buyer and 25% by the Seller (such Expenses to be paid, or payments otherwise made with respect thereto to be reimbursed, in the first instance out of any damages or other sums recovered as a result of such Action) and the excess of any damages or other sums recovered as a result of such Action over Expenses shall upon receipt thereof be included in Gross Receipts; (ii) if the Second Party elects not to participate in any Action covered by the related First Party's Notice, the First Party shall have the option, but not the obligation, to commence such Action, in which event the Expenses thereof shall be paid entirely by the First Party and any damages or other sums recovered as a result of such Action shall not be included in Gross Receipts and shall be and remain the separate property of the First Party. The failure of the Buyer to commence or join in any such Action shall not constitute a default or failure to protect the Rights under any provision of this Agreement.

10.9.4 Conduct of Actions. The parties shall cooperate fully in the conduct of any Action to which this Section 10.9 applies which is commenced for the mutual benefit and at the mutual expense of the Buyer and the Seller. In connection with any action or proceeding to which this Section 10.9 applies which is commenced for the sole benefit and at the sole expense of the Seller, the Buyer, as proprietor of the Right claimed to be infringed, hereby constitutes and appoints the Seller its attorney-in-fact to institute and prosecute in its name such action or proceeding and to recover damages and other sums allowed by law in connection therewith, upon condition that the Seller fully indemnify and save harmless the Buyer against any and all loss, damage and expense sustained or incurred by the Buyer in connection with such action or proceeding including, but not limited to interest, penalties and reasonable attorney's fees.

10.10 License of Print Rights. Upon the expiration or termination of the Robbins Agreement, print, reprint, publication, distribution and selling rights with respect to printed copies of the Compositions may be administered by the Buyer provided that the Gross Receipts credited to the Rights as a result thereof shall be computed as though the Buyer had contracted to acquire such print rights on substantially the same material terms, including provisions for advances or guaranty, as are contained in the Robbins Agreement. If the Buyer does not elect to administer such rights on such basis, arrangements to be made for such print and other rights shall be subject to the other provisions of this Agreement relating to Management Services.

11. Certain Agreements of the Parties.

11.1 Effective Date of Transfer. For accounting and other purposes not inconsistent herewith, the sale hereunder of the Rights shall be deemed effective as of the close of business June 30, 1975, and, accordingly, the business of the Seller with respect to the Rights shall be deemed to have been operated by the Buyer commencing July 1, 1975. The period July 1, 1975, through the Closing Date is herein called the "Interim Period." Within 45 days following the Closing the Seller shall submit to the Buyer a statement (the "Interim Statement") setting forth (i) the amounts received by or for the account of the Seller or any of the Merging Corporations during the Interim Period which are includable pursuant to Section 4.5 hereof in Publisher's Receipts less the amount of any unrecouped advances listed in Schedule VIII to be delivered to the Buyer against royalties made during the Interim Period by or for the account of the Seller or any of the Merging Corporations (the "Net Interim Receipts"), (ii) the amount of all expenses with respect to the Rights incurred or accrued by the Seller and the Merging Corporations for the Interim Period (the "Interim Expenses") and (iii) the amount of all advances paid to the writers listed on Schedule IV, during the period January 1, 1975, through the Closing Date and the expenses of the Seller's Nashville office during the period April 1, 1975, through the Closing Date (collectively, the "Nashville Expenses"). If 7.5% of the amount of the Net Interim Receipts shall exceed the sum of the Interim Expenses and the Nashville Expenses, such difference shall be paid by the Seller to the Buyer within 10 business days; if the sum of the Interim Expenses and the Nashville Expenses shall exceed 7.5% of the amount of the Net

Interim Receipts, within 10 business days the Buyer shall pay the amount of such difference to the Seller. The Buyer shall be deemed to have made to the Seller payments pursuant to Section 4.1 and 11.9 hereof, respectively, in amounts equal, respectively, to 67.5% and 25% of the amount of the Net Interim Receipts.

11.2 Guarantee and Consent to Jurisdiction by the Guarantor. The Guarantor unconditionally guarantees to the Seller that the Buyer will promptly perform and observe every agreement and condition in this Agreement to be performed or observed by the Buyer, including, without limitation, that all sums which may become payable to the Seller hereunder will be promptly paid in full when due. The Guarantor consents that from time to time, without notice to or further consent of the Guarantor, the performance or observance by the Buyer of any such agreement and condition may be waived or the time of performance thereof extended by the Seller, all without affecting the liability of the Guarantor hereunder. The Guarantor's guarantee pursuant to this Section 11.2 is an absolute, continuing and unlimited guarantee. The Seller shall not be obliged to proceed first against the Buyer or any other person, firm or corporation, or against any collateral securing any liability or obligation of the Buyer to the Seller, but may, at its option, proceed directly in the first instance against the Guarantor as though the Guarantor were the party primarily liable for such obligation, and such primary liability and the rights of Seller to enforce performance by the Guarantor shall not be adversely affected by any limit of enforceability against the Buyer by virtue of any bankruptcy or insolvency laws or any court order or decree pursuant thereto. Each of Polygram GmbH and Polygram B.V. hereby submits to the jurisdiction of the courts of the State of New York, or of the federal courts of the United States located in the State of New York, with respect to any controversy or dispute which may arise in connection with the guarantee hereunder or its interpretation or enforcement, and designates Messrs. Shearman & Sterling, 53 Wall Street, New York, New York, or any successor firm thereto, as its agent for purposes of receiving and accepting process in any proceeding which may be commenced with respect to such matters. Such agent may be changed to any law firm whose principal office is located in the Borough of Manhattan by written notice from the Guarantor to the Seller. Each of Polygram GmbH and Polygram B.V. agrees to execute and deliver to the Seller such further documents as the Seller may from time to time reasonably request, including but not limited to any designation pursuant to Rule 318 of the New York CPLR, to carry out the purposes and intent of this Section 11.2.

11.3 Maintenance and Inspection of Books. The Buyer shall keep and maintain true and complete books of account with respect to the Rights. The Seller shall have the right on request to examine or cause to be examined by its authorized representatives during normal business hours, but not more frequently than once in any calendar year, and provided no such examination shall continue for more than a reasonable time, and to make copies of, all books, records and documents maintained or kept by or in the possession or control of the Buyer or any of its affiliates relating to the Rights, uses made thereof and payments made and received with respect thereto, and any books, records and documents whatsoever maintained or kept by or in the possession of the Buyer or its affiliates insofar as such books, records and documents relate to the Rights or might otherwise be relevant in ascertaining compliance by the Buyer with the provisions of this Agreement. The cost of any examination made by the Seller or any of its authorized representatives pursuant to this Section 11.3 and the cost of any copies of documents made pursuant to this section shall be borne by the Seller; provided that if any such examination reveals an additional amount due for the period covered by such examination equal to more than 10% of the amount previously paid with respect to such period, the Buyer shall reimburse the Seller for 50% of such costs. In the event the Seller does not object in writing to any statement rendered hereunder within three years after the issuance thereof, the Seller shall be deemed to have accepted the statement and to have waived any objection it may have with respect thereto.

11.4 Certain Litigations. Schedule IX delivered to the Buyer sets forth a true and complete list of all actions, suits or proceedings which are pending with respect to the Rights and pursuant to which the Seller's right, title, interest or benefit in the Rights may be affected. The Seller shall defend or prosecute, as the case may be, all such suits or proceedings at its expense and shall be liable and responsible for any and all loss, liability, damage and deficiency (including, without limitation interest, penalties and attorneys' fees and disbursements), and shall be entitled to any judgment or other benefits, arising out of such actions, suits or proceedings. If any judgment with respect to any of such actions, suits or proceedings or any settlement or other disposition thereof shall result in any of the Compositions falling into the public domain, or being otherwise lost in its entirety, in the United States or in any country which is a signatory to the Berne Convention or Universal Copyright Convention, as liquidated damages therefor the Base Amount payable pursuant to Section 4.1 hereof shall be reduced pursuant to the formula provided in Section 10.2 hereof. If any such action, suit or proceeding shall result in any partial loss or impairment of any Right as to which the provisions of the immediately preceding sentence shall not apply, the Base Amount payable pursuant to Section 4.1 hereof shall be equitably reduced by such amount as shall reflect the loss or damage to the Buyer represented by such loss or impairment.

11.5 Access to Books and Records. Between the date hereof and the Closing Date the Seller shall afford the Buyer and its authorized representatives the right, during normal business hours, to examine and inspect the books, records and documents maintained or kept by or in the possession or control of the Seller and the Merging Corporations relating to the Rights, and to make copies thereof at the expense of the Buyer and to consult with their officers, employees, accountants, attorneys and agents, for the purpose of making such investigation with respect to the Rights as the Buyer shall desire to make. In the event of the termination of this Agreement the Buyer agrees to keep confidential any information (unless readily ascertainable from public or published information) it may obtain from the Seller or the Merging Corporations in connection with such examination and inspection and shall return (without retaining copies thereof) any documents or written information obtained from the Seller or the Merging Corporations in connection with this Agreement or the transactions contemplated hereby.

11.6 Expenses of Sale. The Seller and the Buyer shall each bear their own direct and indirect expenses incurred in connection with the negotiation and preparation of this Agreement and the consummation and performance of the transactions contemplated hereby; provided, however, that any filing fees payable in connection with recording in the United States Copyright Office the assignment of any copyrights of the Compositions shall be borne 75% by the Buyer and 25% by the Seller.

11.7 Allocations under Certain Contracts and Agreements.

11.7.1 In General. The Buyer and the Seller acknowledge that certain of the contracts and agreements to be assigned to the Buyer hereunder, including, without limitation, the Robbins Agreement and the BMI Agreement, were entered into by and on behalf of certain corporations and entities other than the Seller and the Merging Corporations (such other corporations and entities being sometimes herein collectively referred to as the "Aberbach Corporations" and which are enumerated in Schedule X delivered to the Buyer) and cover rights, title, interests and benefits in musical compositions other than the Compositions (such other rights, title, interests and benefits being sometimes herein collectively referred to as the "Aberbach Rights"). Any amount paid to or for the account of the Buyer under any such contract or agreement which is attributable to the Aberbach Rights, shall be paid to the Seller for the separate account of the

Aberbach Corporations, and any advance against royalties paid to the Buyer under any such contract or agreement shall be allocated between the Buyer (the amount of such allocation to be included, subject to Section 4.5.3 hereof, in Gross Receipts hereunder) and the Seller (for the account of the Aberbach Corporations) equitably in proportion to the respective amounts of the payments under the contract or agreement involved which are attributable to the Rights and to the Aberbach Rights. The provisions of this Section 11.7 shall apply only to treatment by the Buyer of the Rights in conjunction with the Aberbach Rights and shall not relate in any way to other compositions owned by the Buyer, its subsidiaries, divisions or affiliates. Without limiting the generality of the foregoing, the provisions of Sections 11.7.2 and 11.7.3 hereof shall govern with respect to the Robbins Agreement and the BMI Agreement.

11.7.2 Robbins Agreement. All amounts paid by Robbins to the Buyer pursuant to the Robbins Agreement which are attributable to the Aberbach Rights shall be allocated to the Aberbach Corporations and all such amounts paid by Robbins pursuant to the Robbins Agreement which are attributable to the Rights shall (subject to Section 4.5.3 hereof) be allocated to the Buyer and included in Gross Receipts hereunder; provided, however, that the amount of any advance against royalties paid by Robbins pursuant to Paragraph Eight or Ninth of the Robbins Agreement (a "Robbins Advance") shall be allocated as follows: (i) there shall be allocated to the Aberbach Corporations an amount equal to the product obtained by multiplying (a) the amount of the Robbins Advance, by (b) a fraction, the numerator of which shall be the amount of the royalties attributable to the Aberbach Rights as shown on the then most recent semi-annual statement rendered by Robbins pursuant to Paragraph Twenty-Fifth of the Robbins Agreement (a "Robbins Statement") and the denominator of which shall be the aggregate amount of any royalties attributable to the Rights and to the Aberbach Rights as shown on such Robbins Statement; and (ii) the balance of such Robbins Advance shall be allocated to the Buyer and, subject to Section 4.5.3 hereof, included in Gross Receipts hereunder. All amounts allocated to the Aberbach Corporations pursuant to this Section 11.7.2 shall be paid by the Buyer to the Seller for the account of the Aberbach Corporations promptly following receipt thereof. Any portion of a Robbins Advance so paid shall be credited against any other amounts which may thereafter become payable to the Aberbach Corporations under this Section 11.7.2 other than portions of subsequent Robbins Advances.

11.7.3 BMI Agreement. All amounts paid by BMI pursuant to the BMI Agreement which are attributable to the Aberbach Rights shall be allocated to the Aberbach Corporations and all such amounts paid by BMI pursuant to the BMI Agreement which are attributable to the Rights shall, subject to Section 4.5.3 hereof, be allocated to the Buyer and included in Gross Receipts hereunder; provided, however, that any monies specified in Paragraph 2 of the letter agreement dated June 25, 1975, among BMI, the Seller and certain of the Aberbach Corporations or any advances or guarantees of a similar nature under any provision of any extension or renewal of the current BMI Agreement ("Paragraph 2 Monies") shall be allocated between the Rights and the Aberbach Rights in accordance with the formula employed by BMI in computing the amount of such Paragraph 2 Monies (the "BMI Formula"). If at any time the Buyer and the Seller are unable to determine the BMI Formula, Paragraph 2 Monies shall be allocated between the Rights and the Aberbach Rights in such manner as shall equitably apportion to the Rights and to the Aberbach Rights, respectively, any financial benefit in excess of earned royalties which may be included in Paragraph 2 Monies. If the parties are unable to agree upon the manner or amount of any such allocation, either party may require, upon written notice to the other party, that the determination of the manner in which Paragraph 2 Monies are to be allocated (the "Disputed Matter") be submitted to arbitration. If within 15 days following any such written notice the parties shall have failed to reach written agreement with respect to the Disputed Matter, then it shall be submitted to and reviewed by an arbitrator (the "Arbitrator") who shall be Mrs. Theodore Zavin, if she shall then be employed by BMI, and if she shall not then be so employed, or shall be unable or decline so to serve, the person then serving as President of the National Music Publishers' Association (the "NMPA") or, if such person is affiliated with any of the parties hereto, or shall be unable or decline so to serve, the next ranking officer of the NMPA who is not so affiliated with any of the parties hereto. The Arbitrator shall consider only the Disputed Matter. The Arbitrator shall act promptly to resolve the Disputed Matter and its decision with respect thereto shall be final and binding upon the parties. The fees and expenses of the Arbitrator shall be borne one-half by the Buyer and one-half by the Seller. All amounts allocated to the Aberbach Corporations pursuant to this Section 11.7.3 shall be paid by the Buyer to the Seller for the account of the Aberbach Corporations promptly following receipt thereof.

11.8 Conduct Pending Certain Consents. The Seller shall use reasonable efforts consistent with the availability of appropriate staff to assist the Buyer in obtaining any consents to the assignment of any of the Rights which may be required in connection with the consummation and performance of the transactions contemplated by this Agreement, including but not limited to the Compositions included in Schedule I and/or Schedule III(5). Pending the obtaining and delivery of any such consent and transfer of such Rights to the Buyer, or if such consents and transfers are not obtained or made, the Buyer shall administer such Rights on behalf of the Seller and appropriate financial arrangements shall be made between the Buyer and the Seller so as to bring about the same economic result and benefit to the Buyer as though such Rights had been transferred to the Buyer at the Closing.

11.9 Additional Compensation. As additional compensation for the sale of the Rights hereunder, the Buyer shall pay to the Seller 25% of the Publisher's Receipts without limitation as to time and regardless of the cumulative total of such payments.

11.10 Allocation of Accrued Income. If the Buyer receives any amount from or applicable or relating to performances or sales utilizing the Rights which, although identified as to a particular period (a "Period"), is not clearly identifiable or allocable in full either to any period ended on or before June 30, 1975, or to any period commencing on or after July 1, 1975, such amount or portion thereof as is not so identifiable or allocable (the "Unallocable Amount") shall be allocated between the Buyer and the Seller as follows: (a) the Seller shall be entitled to receive pursuant to Section 4.5.3 hereof (after deduction of all amounts properly payable therefrom by the Buyer to third parties pursuant to the provisions of Section 10.1 hereof) an amount equal to the amount of the Unallocable Amount multiplied by a fraction, the numerator of which shall be the number of days in the period which begins on the first day of the Period and which ends on June 30, 1975, and the denominator of which shall be the total number of days in the Period, and (b) the balance shall be included in Gross Receipts without deduction, set-off or allowance of any nature whatsoever not specifically permitted by Section 4.5 hereof. If the Buyer receives any amount from or applicable or relating to performances or sales utilizing the Rights which is not clearly identifiable or allocable in full to any particular period, and after reasonable investigation cannot be identified as to any particular period, such amount or portion thereof as is not so identifiable or allocable shall be included in Gross Receipts without deduction, set-off or allowance of any nature whatsoever not specifically permitted by Section 4.5 hereof.

11.11 Certain Equipment. At the Closing the Seller shall sell, assign and transfer to the Buyer the furniture and equipment located in the Nashville office of the Seller, which is listed on the Bill of Sale which the Seller shall deliver to the Buyer in the form of Exhibit A annexed hereto, for such price as the Buyer in its sole discretion shall deem reasonable. Said amount shall be paid by the Buyer to the Seller at the Closing by delivery to the Seller of a check in such amount payable to the order of the Seller. At the Closing the Seller shall also sell, assign and transfer to the Buyer without additional charge (i) the computerized royalty system (exclusive of any equipment or hardware) including the programs and all other documents necessary for continued operation and maintenance thereof heretofore maintained by the Seller and (ii) the Seller's Lektrievers and Cardveyors.

11.12 Publisher's Credit. Without the prior written consent of the Seller, neither the name of the Seller nor any of the Merging Corporations shall be used by the Buyer in or in connection with any publisher's credit relating to the Rights.

11.13 Letters of Instructions. At the Closing the Seller shall deliver to the Buyer in form satisfactory to the Buyer, letters of instruction to the Fox Agency, BMI, ASCAP, Robbins and foreign sub-publishers and all other third parties which regularly pay monies to Seller or the Merging Corporations in connection with the Rights and the Compositions, instructing each such addressee to make payment directly to the Buyer, or to an assignee of the Buyer permitted under Section 14.3 hereof, of all amounts payable with respect to the Rights and the Compositions which have previously been payable to the Seller and the Merging Corporations.

11.14 Actions with Respect to Closing. Each party agrees to use its best efforts to bring about the satisfaction of the conditions precedent to the Closing of this Agreement.

12. Indemnification.

12.1 Indemnification by the Seller. The Seller agrees to indemnify, defend and hold harmless the Buyer and the Guarantor from and against any and all liability (including, without limitation, interest, penalties and reasonable attorney's fees and disbursements) arising out of or otherwise in respect of any inaccuracy in or any breach of any representation, warranty, covenant or agreement of the Seller contained in this Agreement; provided that the liability of the

Seller for any breach of any representation, warranty, covenant or agreement under any provision hereof at law or in equity shall be limited to reduction of the Base Amount by an amount calculated pursuant to Section 10.2 hereof with respect to any Rights of which the Buyer does not obtain the benefits but of which Buyer would have obtained the benefit in the absence of such breach.

12.2 Indemnification by the Buyer and the Guarantor. The Buyer and the Guarantor, jointly and severally, agree to indemnify, defend and hold harmless the Seller from and against any and all liability (including, without limitation, interest, penalties and reasonable attorneys' fees and disbursements) arising out of or otherwise in respect of any inaccuracy in or breach of any representation, warranty, covenant or agreement of the Buyer or the Guarantor contained in this Agreement.

12.3 Notice and Opportunity to Defend. Promptly after the receipt by any partyhereto of notice of any claim or the commencement of any action or proceeding, such party will, if a claim with respect thereto is to be made against any party obligated to provide indemnification (the "Indemnifying Party") pursuant to Section 12.1 or 12.2 hereof, give such Indemnifying Party written notice of such claim or the commencement of such action or proceeding. Such Indemnifying Party shall have the right, at its option, to compromise or defend, at its own expense and by its own counsel, any such matter involving the asserted liability of the party seeking such indemnification. Such notice, and opportunity to compromise or defend, shall be a condition precedent to any liability of the Indemnifying Party under the indemnification agreements contained in Sections12.1 and 12.2 hereof. If any Indemnifying Party shall undertake to compromise or defend any such asserted liability, it shall promptly notify the party seeking indemnification of its intention to do so, and the party seeking indemnification agrees to cooperate fully with the Indemnifying Party and its counsel in the compromise of, or defense against, any such asserted liability. In any event, the indemnified party shall have the right at its own expense to participate in the defense of such asserted liability.

13. Responsibility for Adverse Claims.

13.1 Claims for which the Seller is Responsible. If any third party shall assert a claim which challenges the right, title, interest or ownership by the Buyer, or prior to the Closing by the Seller, of any of the Rights, or which claims damages based upon an allegation that the exercise or exploitation of any of the Rights by the Buyer, the Seller or the Merging Corporations violated rights of such third party, or seeks to enjoin or otherwise prevent full exploitation of any of the Rights by the Buyer, such claim shall be a Seller's Claim for purposes of this Section 13 if (i) the Seller or any Merging Corporation shall have received notice or have been aware of the existence of such claim prior to the Closing hereunder or (ii) at the time such claim is asserted the full Base Amount has not become due and payable to the Seller pursuant to this Agreement, and such claim shall relate to a Composition which was first published or copyrighted less than 10 years prior to the date on which such claim is first asserted, or to a Composition of which the renewal term of the United States copyright commenced less than 10 years prior to such date and receipts derived from the renewal term of such copyright were included in computation of the Base Amount.

13.2 Defense of the Seller's Claims. The Seller shall assume the defense of any Seller's Claim, and the Buyer shall promptly notify the Seller upon learning of any Seller's Claim. The Seller shall defend such claim with counsel of its choice, shall advance all costs and expenses of such defense and shall make all decisions with respect to such defense and to settlement or other disposition of such claim. The Buyer may participate in such defense through counsel of its choosing at its own expense.

13.3 Reimbursement of Expenses. If a Seller's Claim shall be disposed of without liability to the Seller or the Buyer and without loss or impairment of any of the Rights, the Buyer shall promptly thereafter reimburse the Seller for 75% of the costs and expenses, including attorney's fees, incurred by the Seller in defense of such claim, unless the Seller or the Merging Corporations shall have received notice or have been aware of the existence of the claim prior to the Closing, in which event the Seller shall pay all of the costs and expenses, including attorneys' fees, incurred in defense of such claim.

13.4 Reduction of Base Amount. If any Seller's Claim shall result in the loss or impairment of any Right, the Base Amount shall be reduced by the amount of the "Value Allocation" with respect to such Rights computed in accordance with Section 10.2 hereof, or shall otherwise be appropriately adjusted in accordance with Section 10.2 hereof.

13.5 Reimbursement of Payments. If any Seller's Claim shall result in the imposition on the Buyer of any obligation to make any payments to any third party, the Seller shall promptly on demand reimburse the Buyer for such payments.

13.6 Buyer's Claims. Any claim of the type described in Section 13.1 hereof other than a Seller's Claim, shall be considered a Buyer's Claim for purposes of this Section 13.

13.7 Defense of the Buyer's Claims. The Buyer shall assume the defense of any Buyer's Claim with counsel of its choice, shall bear all costs and expenses of such defense, shall make all decisions with respect to such defense and to settlement or other disposition of such claim and shall indemnify the Seller against any liability, cost or expense resulting from such claim.

14. Miscellaneous.

14.1 References to "Affiliates". Any reference in this Agreement to an "affiliate" of the Buyer refers to any person controlling, controlled by or under common control with the Buyer, the term "control" (including the terms "controlling", "controlled by", and "under common control with") meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

14.2 Survival of Representations and Warranties. The representations, warranties, covenants and agreements of the parties hereto made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery hereof and the Closing hereunder without limitation as to time. All remedies specified herein are in addition to all remedies available at law or in equity to either party hereto and nothing herein contained shall be deemed to dilute or abrogate such remedies; provided that the liability of the Seller for any breach of any representation or covenant under any provision hereof at law or in equity shall be limited to reduction of the Base Amount by an amount calculated pursuant to Section 10.2 hereof with respect to any Rights of which the Buyer does not obtain the benefits but of which Buyer would have obtained the benefit in the absence of such breach.

14.3 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that the Buyer shall not without the prior written consent of the Seller assign this Agreement or any of its rights or interest in the Rights (other than grants of rights or interests therein or licenses of uses thereof in the ordinary course of business) or any of its obligations hereunder, except for an assignment of all of its rights and interests in the Rights and all of its obligations hereunder, in connection with a sale of all of the Rights together with the major part of the Buyer's entire music publishing business, to a music publisher of recognized standing in the music publishing industry who shall in connection therewith deliver to the Seller its written agreement, in form and substance satisfactory to the Seller, by which it assumes all of the liabilities and obligations of the Buyer hereunder and by which it binds itself by all of the provisions hereof; provided, however, that the Buyer may, without the consent of the Seller, assign this Agreement and its rights or interests in the Rights to any division or affiliate of the Buyer which is an entity formed under the laws of one of the States of the United States and domiciled in one of such States and which has a substantial identity of economic interest with the Buyer. No assignment of this Agreement or of any right or interest in the Rights shall relieve the Buyer or the Guarantor, or any subsequent assignee of the Buyer pursuant to this Section 14.3, of any of its obligations or liabilities hereunder.

14.4 Notices. Any notice or communication given pursuant hereto by any of the parties hereto to any other party hereto shall be in writing and delivered or mailed by registered or certified mail, postage prepaid (mailed notices shall be deemed given when duly mailed), as follows:

14.4.1 If to the Buyer or to the Guarantor, to:

Chappell & Co., Inc.
810 Seventh Avenue
New York, New York 10019

and to:

Polygram Corporation
450 Park Avenue
New York, New York 10022
Attention: Arnold I. Rich, Esq.

and to:

Intersong International
Musikverlag GmbH
Hallerstrasse 40
2000 Hamburg 13
WEST GERMANY
Attention: Mr. Heinz Voight

and to:

Polygram GmbH
Harvestehuder Weg 1-4
P. O. Box 132266
2000 Hamburg 13
WEST GERMANY
Attention: Dr. Wolfgang Hix

and to:

Polygram B.V.
Gerrit van der Veenlaan 4
P. O. Box 23
Baarn
THE NETHERLANDS

14.4.2 If to the Seller, to:

Hill & Range Songs, Inc.
241 West 72nd Street
New York, New York
Attention: Mr. Joachim Jean Aberbach

and to:

Mr. Joachim Jean Aberbach
33 Bacon Road
Old Westbury, New York

and to:

Mr. Julian Aberbach
74 Avenue Foch
Paris, FRANCE

with copies to:

Thomas R. Levy, Esq.
424 Madison Avenue
New York, New York 10017

and to:

Paul, Weiss, Rifkind, Wharton & Garrison
345 Park Avenue
New York, New York 10022
Attention: John C. Taylor, 3rd

or to such other address or addresses as hereafter shall be furnished as provided in this Section 14.4 by any of the parties hereto to the other parties hereto.

14.5 Exercise of Options. Any option or right granted hereunder to the Seller may be exercised on behalf of the Seller or, if the Seller has been liquidated or dissolved on behalf of the successors to the interests of the Seller under this Agreement, by Mr. Joachim Jean Aberbach and, following the death or incompetence of Mr. Joachim Jean Aberbach, by Mr. Julian Aberbach if he shall then be living and competent. At all times following the last to occur of the death or incompetence of the Aberbachs, any such option or right may be exercised by the President or other authorized officer of the Seller or, if the Seller has been liquidated or dissolved, by such person as may have been designated to do so in written notice to the Buyer by either the Aberbachs, or in the absence of such designation (or after the death or incompetence of such designee), by such person who as a successor to the interests of the Seller under this Agreement is at the time entitled to receive the largest percentage of any payments to be made pursuant to Section 4.1 and 11.9 hereof. The Buyer shall be entitled to assume that the person designated as aforesaid is acting for the Seller hereunder or, if the Seller has been liquidated or dissolved, for all of the successors to the interests of the Seller hereunder.

14.6 Waiver; Remedies. No delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

14.7 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof, supersedes all prior agreements or understandings of the parties relating thereto and shall not be modified or amended in any fashion except by instrument in writing signed by the party charged with such modification or amendment.

14.8 Further Assurances. The Seller shall, at the request of the Buyer, at any time and from time to time following the Closing hereunder execute and deliver to the Buyer all such further instruments and take all such further action as may be reasonably necessary or appropriate in order more effectively to assign, transfer and convey to the Buyer, or to perfect or record the Buyer's title to or rights or interests in, the Rights or otherwise to confirm or carry out the provisions of this Agreement. The Buyer shall, at the request of the Seller, at any time and from time to time following the Closing hereunder execute and deliver to the Seller all such further instruments and take all such further action as may be reasonably necessary or appropriate in order to confirm the assumption by it of the liabilities assumed hereunder by it or otherwise to confirm or carry out the provisions of this Agreement.

14.9 Severability of Provisions. If any provision of this Agreement, or the application of any such provision to any person or circumstances, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

14.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument.

14.11 Governing Law. This Agreement shall be construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State.

14.12 Variations in Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons or entity may require.

14.13 Exhibits and Schedules. All Exhibits annexed hereto, and all Schedules referred to herein, are incorporated in and made a part of this Agreement. All such Schedules have been initialled for identification by the parties hereto.

14.14 No Joint Venture. This Agreement shall not be deemed to be a joint venture.

14.15 Captions. All section titles or captions contained in this Agreement, and the table of contents, if any, to this Agreement, are for convenience only, shall not be deemed a part of this Agreement and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered and their corporate seals to be hereunto affixed as of the day and year first above written.

HILL & RANGE SONGS, INC.

ATTEST:

By ______________________
Vice President

Assistant Secretary

CHAPPELL & CO., INC.

ATTEST:

By ______________________
President

POLYGRAM GMBH

ATTEST:

By ______________________
Authorized Signatory

POLYGRAM B.V.

ATTEST:

By ______________________
Authorized Signatory